



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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September 29, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

EVALUATION OF SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

On December 4, 2007, on motion by Supervisor Molina, your Board instructed the Chief Executive Officer (CEO) to report on the evaluation of the annual audit performance of Sedgwick Claims Management Services, Inc. (Sedgwick), the County's Third Party Administrator for medical malpractice claim adjusting services, 30 days before your Board considers the contract renewal.

The CEO engaged the services of Warren, McVeigh and Griffin, Inc. (Consultant) to perform an audit of the medical malpractice, hospital, and general liability claims adjusted by Sedgwick. The Consultant reviewed 50 claims from Fiscal Year 2007-08, using the County's audit tool to measure the timeliness and effectiveness of Sedgwick's claim adjusting procedures, and to ensure Sedgwick's compliance with the County's contract.

The audit placed Sedgwick's overall claim adjusting performance at 85 percent, which is consistent with last year's performance rating. No negative performance issue was identified. The Consultant concluded that Sedgwick is properly structured to adjust the County's claims, and Sedgwick's performance is above the industry standard for claim adjusting.

In November 2008, we will present to your Board for consideration the renewal of Sedgwick's contract.

If you have any questions, please contact me or your staff may contact Rocky A. Armfield, County Risk Manager, at (213) 351-5346.

WTF:ES
RAA:KG:MH:sg

c: Executive Officer, Board of Supervisors
County Counsel

i:RMB Secs/Board letters and memos/BM – Evaluation of Sedgwick Claims Mgt Services 9-29-08 [9-25sg].doc

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